

PERSEVERING THROUGH CRISIS: THE STATE OF NONPROFITS



THE CENTER FOR
EFFECTIVE PHILANTHROPY

PERSEVERING THROUGH CRISIS: THE STATE OF NONPROFITS

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ABOUT THE CENTER FOR EFFECTIVE PHILANTHROPY

The mission of the Center for Effective Philanthropy (CEP) is to provide data and create insight so philanthropic funders can better define, assess, and improve their effectiveness—and, as a result, their intended impact.

ACKNOWLEDGMENTS

We are grateful to Brittany Kienker, Cathy Moore, and Valerie Threlfall for providing feedback on initial drafts of the survey used for this research. We would like to thank Katharine Bambrick, Kara Carlisle, Jessica David, Tim Delaney, Brittany Kienker, Elaine Lasnik-Broida, Lindsay Louie, Cathy Moore, Brian Quinn, Kathy Reich, Valerie Threlfall, Jehan Velji, and Mailee Walker for providing feedback on an earlier draft of this report. The authors would like to thank CEP President Phil Buchanan for his contributions to the research and CEP's Senior Graphic Designer Jay Kustka for his design of the report.

This research is based on CEP's independent data analyses, and CEP is solely responsible for its content. The report does not necessarily reflect the individual views of the advisers or others listed throughout this report.

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INTRODUCTION

As the COVID-19 pandemic spread in the United States in 2020, many nonprofit organizations grappled with its devastating impacts on public health and the global economy—and the ways in which it deepened longstanding disparities along racial, ethnic, socioeconomic, and gender lines.¹ Forecasts about nonprofits' finances and operations were bleak, and it was clear that many would need increased support from funders to survive.²

Given this degree of concern, leaders of nonprofits, philanthropy-serving organizations (PSOs), and foundations called on funders to step up and help nonprofits weather the pandemic. Foundations were urged to increase their giving levels and change their practices to be more flexible and responsive with their grantees.³ For example, nine PSOs issued a letter asking foundations to increase their giving levels.⁴ To encourage foundations to change their practices, leaders at the Ford Foundation—informed by those involved in the Trust-Based Philanthropy Project—launched “A Call to Action: Philanthropy’s Commitment During COVID-19” on the Council on Foundations’ website, which garnered signatures from approximately 800 foundations that pledged to make new funding as unrestricted as possible, reduce what is asked of grantees, uplift the voices of grantees, support the communities most affected by the pandemic, and more.⁵

Amid these calls to action, the Center for Effective Philanthropy (CEP) surveyed members of its *Grantee Voice* panel in May 2020 to learn how they were faring. Based on survey responses from 172 nonprofit leaders across the country, we found that while COVID-19 was having devastating impacts on nonprofits, the negative impacts were magnified for nonprofits that provide direct services and serve historically disadvantaged communities. In addition, we saw that nonprofits that relied on foundation funding were experiencing fewer negative impacts and

more stable funding than those relying on earned revenue (such as performing arts organizations) or gifts from individual donors.⁶

But where do nonprofits stand today? In February 2021, we conducted a follow-up survey of our *Grantee Voice* panel. Here is what we learned from the 163 nonprofit leaders who responded.

1. Most nonprofit leaders report that the COVID-19 pandemic has had negative impacts on their organizations and has affected their programming, revenue, demand, and costs. Arts and culture organizations have experienced more negative effects from the pandemic, while community and economic development organizations experienced fewer negative effects.
2. Increased financial support from foundations, individual donors, and the government—including Paycheck Protection Program (PPP) funding—helped nonprofits to fare better through 2020 than their leaders had originally anticipated.
3. Many nonprofits report that their foundation funders were flexible, responsive, and communicative in 2020. However, nonprofits led by women and nonprofits serving certain communities (including Asian, Pacific Islander, Middle Eastern, and Native American communities) experienced somewhat less flexibility, responsiveness, and communication than other nonprofits.

This research is not representative of *all* nonprofits in the sector. Because CEP’s *Grantee Voice* panel is a national sample of CEOs from nonprofit, grant-seeking organizations that receive at least one grant from foundations giving \$5 million or more annually, the nonprofits in our study are likely larger and more financially secure than nonprofits that do not receive grants from large foundations.

ABOUT THE *GRANTEE VOICE* PANEL AND OUR RESPONDENTS

CEP's *Grantee Voice* panel is a national sample of CEOs from nonprofit, grant-seeking organizations that receive at least one grant from foundations giving \$5 million or more annually. The panel is carefully constructed by CEP to be as representative as possible of this population. (More information about the panel can be found in Appendix B.)

In this report, we present and compare data from two different surveys of our *Grantee Voice* panel, conducted in May 2020 and February 2021. Nonprofit leaders who responded to our May 2020 survey represented organizations with a median of \$1.6 million in annual expenses, and nonprofit leaders who responded to our February 2021 survey represented organizations with a median of \$1.5 million in annual expenses. Across both surveys, annual expenses ranged from about \$100,000 to about \$88 million. Not all of the respondents to the two surveys were the same, but because the organizations those respondents represent are so similar in size and geography, we are able to compare the data across these two periods.

We did not find any differences in respondents to either survey based upon their organization's annual expenses, staff size, or geographic region. Although the hundreds of nonprofit leaders who responded to our surveys represent a small proportion of the approximately 1.3 million nonprofits in the United States, the data are useful for drawing meaningful conclusions about the state of nonprofits receiving grants from large foundations.

DEFINITION OF MAJOR DONORS

In this research, we define major donors as individual donors who give \$7,500 or more to the respondent's organization in a given year. For more information about this definition, please see the CEP research report *Crucial Donors: How Major Individual Givers Can Best Support Nonprofits*.⁷



Finding 1



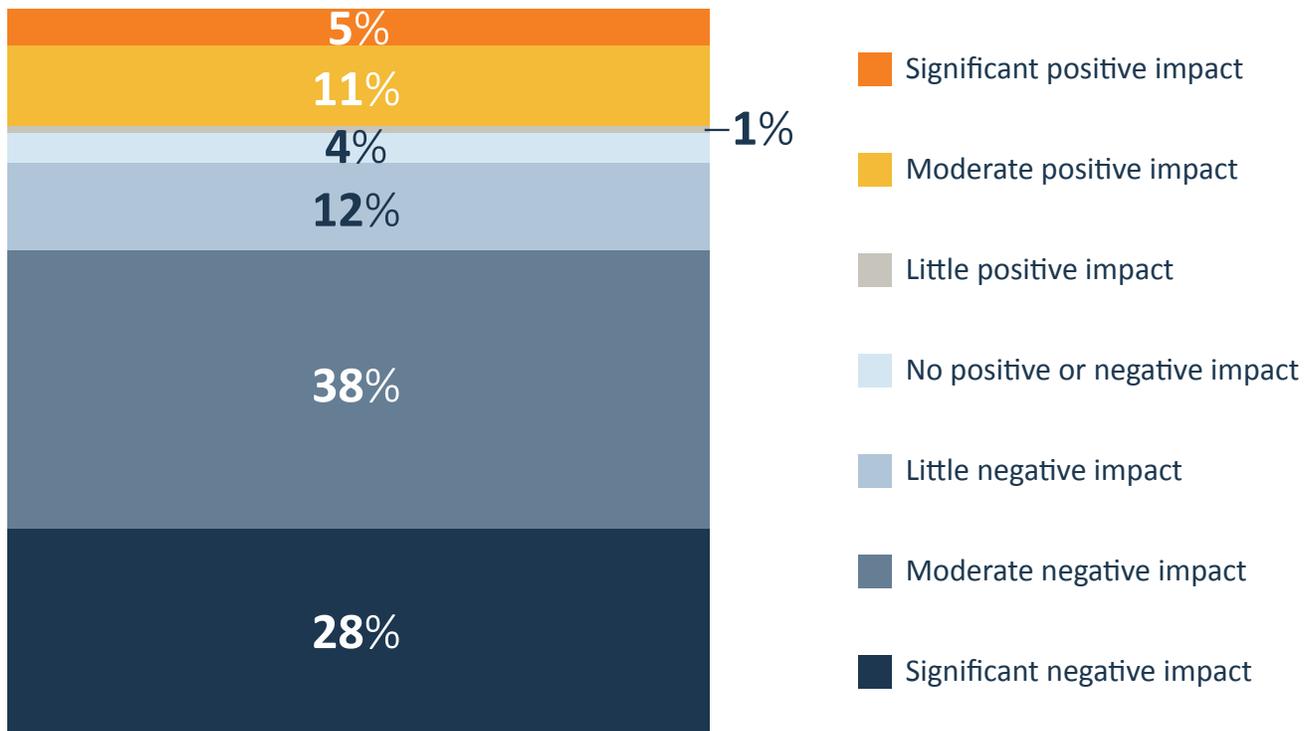
Most nonprofit leaders report that the COVID-19 pandemic has had negative impacts on their organizations and has affected their programming, revenue, demand, and costs. Arts and culture organizations have experienced more negative effects from the pandemic, while community and economic development organizations have experienced fewer negative effects.

Finding 1

More than three-quarters of nonprofit leaders responding to our February 2021 survey report that the COVID-19 pandemic has had some degree of negative impact on their organizations, with two-thirds reporting a moderate or significant negative impact (Figure One).

FIGURE ONE | NEGATIVE IMPACT OF COVID-19 ON NONPROFITS

Percentage of respondents who report that the COVID-19 pandemic has had various degrees of impact on their organizations (N=162)



Percentages in this figure may not add to 100 due to rounding.

The few leaders whose organizations have experienced positive impacts during the COVID-19 pandemic describe some silver linings of this difficult time. For example, one leader says, “The fact that we have remained open throughout the entire pandemic has raised awareness of our organization and has increased our credibility as not just a free meal site but a vital essential service to our community.” Another leader whose organization has found ways to innovate says, “We have been able to expand our online offerings, broaden our reach beyond our normal service area, and contemplate a new way of offering our programs and services.”

The majority of leaders whose organizations have experienced negative impacts during the pandemic describe facing difficulties in carrying out their programs and services. Most nonprofit leaders report that they had to alter or reduce their programs or services in 2020 (Figure Two).

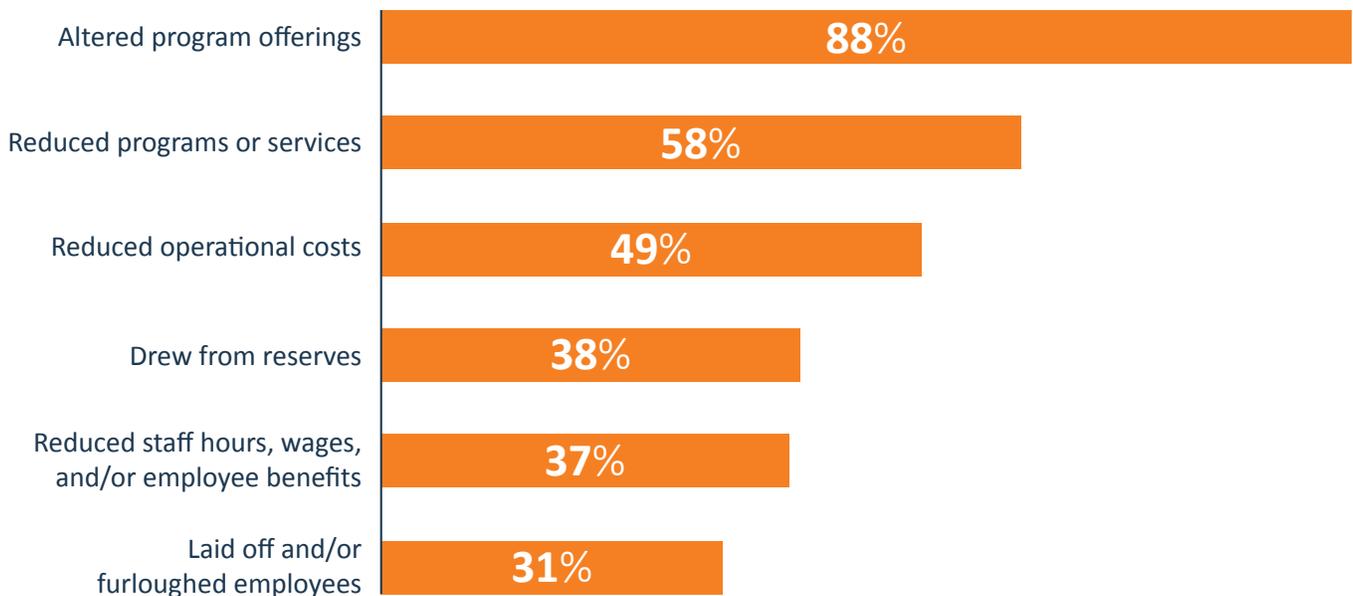
Finding 1

One leader whose organization had to change its in-person programs to follow safety protocols says, “To maintain proper social distancing, we have had to reduce the number of participants in each session and add time between sessions for thorough disinfecting of all communal spaces and equipment. This has decreased the number of individuals we are able to serve.” Another leader whose organization had to begin delivering services virtually says, “The provision of remote services depends on clients being able to access phone or Internet technology, which is challenging for our most marginalized clients.”

Another leader whose organization had to cancel its programs altogether explains, “We are unable to provide any on-site programs and activities due to the required closure of school campuses, and schools opted not to have us participate online/virtually.”

FIGURE TWO | ACTIONS NONPROFITS TOOK IN 2020

Percentage of respondents who say their organizations took various actions in 2020
(Ns range from 126 to 163)



Finding 1

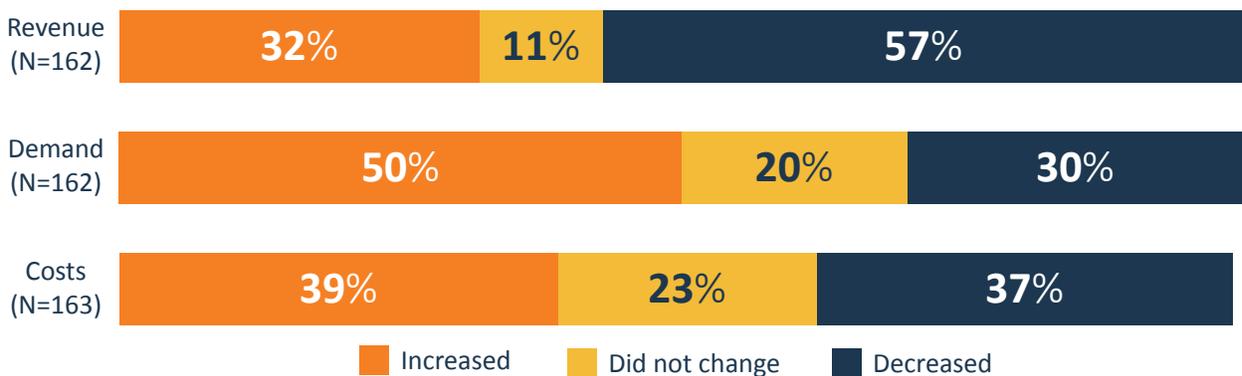
CHANGES IN REVENUE, DEMAND, AND COSTS

Most nonprofit leaders say that their organizations' revenue decreased in 2020 relative to the previous year (Figure Three). One nonprofit leader says, "Because of the pandemic and our inability to have live performances or in-person classes, our earned income has decreased severely." Another says, "We have found it difficult to reach out to, identify, and cultivate new donors—both foundations and individuals—during the pandemic."

Making matters worse, half of nonprofit leaders say demand for their programs and services increased, and 39 percent say their costs increased (Figure Three).

FIGURE THREE | CHANGES IN REVENUE, DEMAND, AND COSTS

Percentage of respondents who say their organizations' revenue, demand, and costs decreased, did not change, or increased in 2020 as compared to 2019



Percentages in this figure may not add to 100 due to rounding.

DIFFERENCES IN COVID-19 EXPERIENCES BY ISSUE AREA

Leaders of arts and culture organizations rate the impact of COVID-19 on their organizations more negatively than leaders of other organizations (Appendix A, Figure One).⁸ In 2020, they report experiencing a significantly larger decrease in their revenue and in the demand for their programs and services (Appendix A, Figure Two). "Our earned revenue is down by more than 50 percent. Audiences are not able to attend our live performances. We lack confidence in what lies ahead," says one leader. "We are trying to figure out how we are going to survive the year," says another.

By contrast, leaders of community and economic development organizations rate the impact of COVID-19 on their organizations less negatively than leaders of other organizations (Appendix A, Figure Three). They experienced a greater increase in revenue and demand for their programs and services as need for their work grew because of the enormous challenges of the pandemic (Appendix A, Figure Four). One leader says, "Local foundations have increased their funding to us in order to work toward a collective policy agenda for COVID-19 recovery." Another says, "Our work is in higher demand, and we are being tapped by more partners to support community need. This has increased our overall revenue and our programmatic offerings."

Finding 1

CHALLENGES FACING THE PEOPLE AND COMMUNITIES THAT NONPROFITS SERVE

Nonprofit leaders note that the challenges facing the people and communities they serve—such as financial issues, food insecurity, physical and mental health issues, and housing insecurity—have only increased since the pandemic began.

One leader says, “Money is the biggest challenge. People were already cobbling together multiple jobs (driving Uber, waiting tables, bartending, etc.) and were barely surviving in the best of times.” Touching on the interrelated challenges of financial issues and food insecurity, another leader explains, “The pandemic’s huge financial impact has taken away so many jobs. We are seeing people who were once regular donors now in line for a free meal. The economic and emotional impact of that on people is devastating, and unfortunately, there is no vaccine for that.”

A leader of a health organization says, “Disparities in access to and quality of care have been heightened by the pandemic and by the discriminatory application of crisis standards of care.” Having witnessed the mental health effects of the pandemic on children, one leader says, “Young people are disconnected from schools and supportive adults, relying on online communication where there are risks (e.g., stalking, harassment). Youth, particularly youth of color, have absorbed a lot of loss and are grieving so many things right now.”

SUPPORTING THE MENTAL AND EMOTIONAL WELL-BEING OF NONPROFIT STAFF

Nonprofit leaders report taking a variety of actions to support the mental and emotional well-being of their staff. Most often, they say they have increased the frequency of one-on-one and organization-wide check-ins; allocated extra time off for rest, holidays, or illness; provided resources and information for staff on mental health support and counseling; allowed staff to work flexible schedules; and organized social or team-building activities for staff.

One leader whose organization took many of these actions says, “We raised awareness of our employee assistance program, encouraged the use of paid time off (particularly mental health days), provided more opportunities for remote check-ins, etc.” Another says, “We provided team-building activities, flexible work arrangements, and mental health services.”





Finding 2

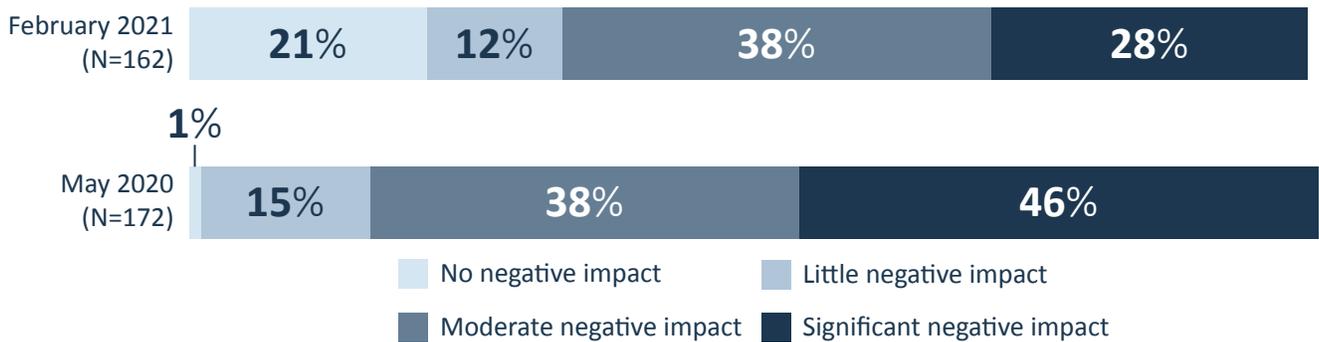
Increased financial support from foundations, individual donors, and the government—including Paycheck Protection Program (PPP) funding—helped nonprofits to fare better through 2020 than their leaders had originally anticipated.

Finding 2

Despite the obvious negative impact that the COVID-19 pandemic has had on most organizations, nonprofit leaders who responded to our February 2021 survey rate the impact less negatively than those who responded to our May 2020 survey (Figure Four).⁹

FIGURE FOUR | NEGATIVE IMPACT OF COVID-19 ON NONPROFITS BY YEAR OF SURVEY

Percentage of respondents who rated the impact of COVID-19 on their organizations as significant, moderate, little, or no negative impact in February 2021 and May 2020

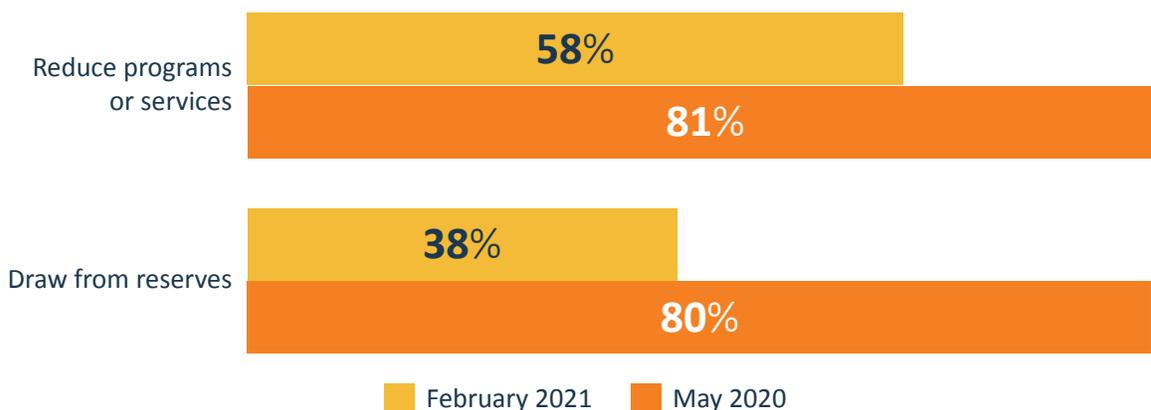


Percentages in this figure may not add to 100 due to rounding.

While most nonprofit leaders who responded to our May 2020 survey said they had already or expected to reduce programs or services and draw from reserves, fewer of those who responded to our February 2021 survey report ultimately having taken these actions (Figure Five). In addition, the size of reserve funds did not significantly shrink during the pandemic. The 77 percent of nonprofits that had reserves before the pandemic began had, on average, eight months' worth of operating expenses in reserve; on average, these nonprofits still had this amount in February 2021.

FIGURE FIVE | ACTIONS NONPROFITS TOOK IN 2020 BY YEAR OF SURVEY

Percentage of May 2020 respondents who said they had taken or expected to take various actions in 2020 and percentage of February 2021 respondents who say they did ultimately take these actions in 2020



Finding 2

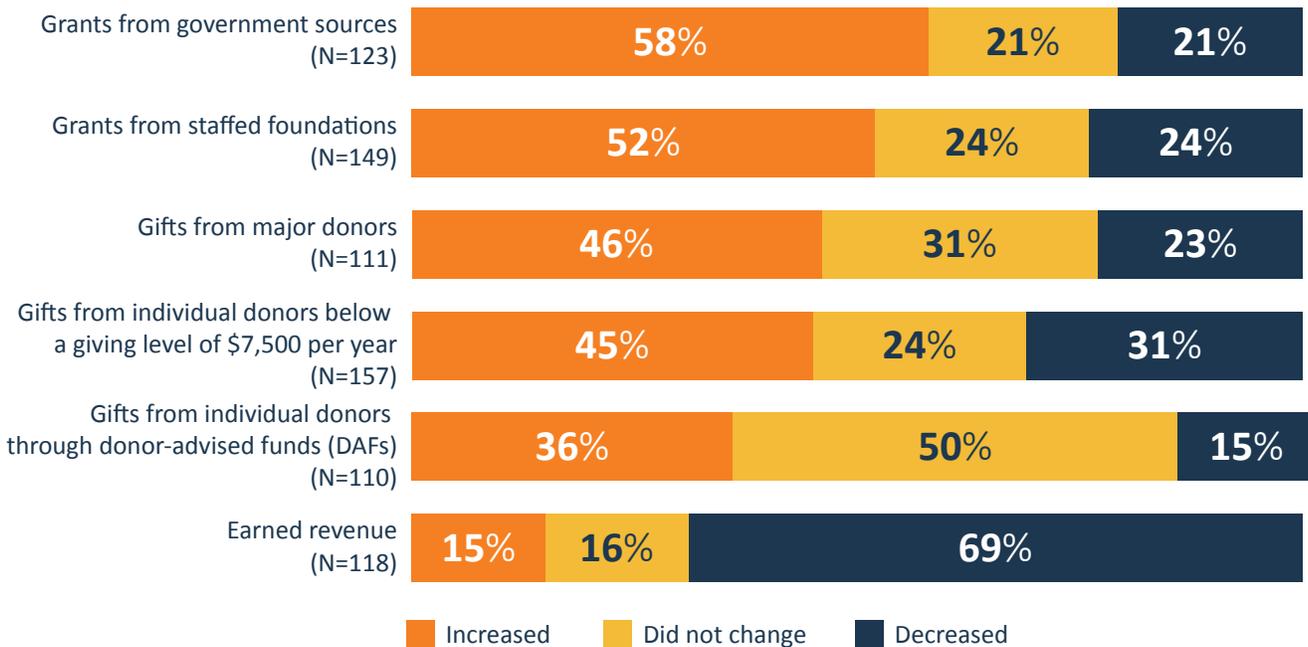
INCREASED SUPPORT FROM THE GOVERNMENT, FOUNDATIONS, AND DONORS

Many nonprofits fared better than expected because of the support that they received from government sources, foundations, and individual donors. More than half of nonprofit leaders report that their grants from government sources increased in 2020 as compared to 2019 (Figure Six). The vast majority, 92 percent, report that their organizations applied for a loan through the Paycheck Protection Program (PPP), and 99 percent of those organizations received funding. As of February 2021, about two-thirds had already applied for forgiveness on their PPP loan, and of those who had received a decision, almost all had the full amount of their loan forgiven.

In addition, more than half of nonprofit leaders report that their grants from foundations increased, and nearly half report that their gifts from individual donors increased (Figure Six).

FIGURE SIX | CHANGES IN DIFFERENT SOURCES OF REVENUE

Percentage of respondents who say their organizations' revenue from different sources decreased, did not change, or increased in 2020 as compared to 2019



Percentages in this figure may not add to 100 due to rounding.

Finding 2

For nonprofits, this increased support from government sources, foundations, and donors was crucial and helped offset the decrease in earned revenue. As one leader explains, “The effects of the pandemic would have been even worse were it not for the very helpful forgivable PPP loan.” Another says, “Crisis funding from foundations essentially helped us survive.” A third leader says, “Generous support from donors helped to offset the decrease in revenue from our social enterprise.”

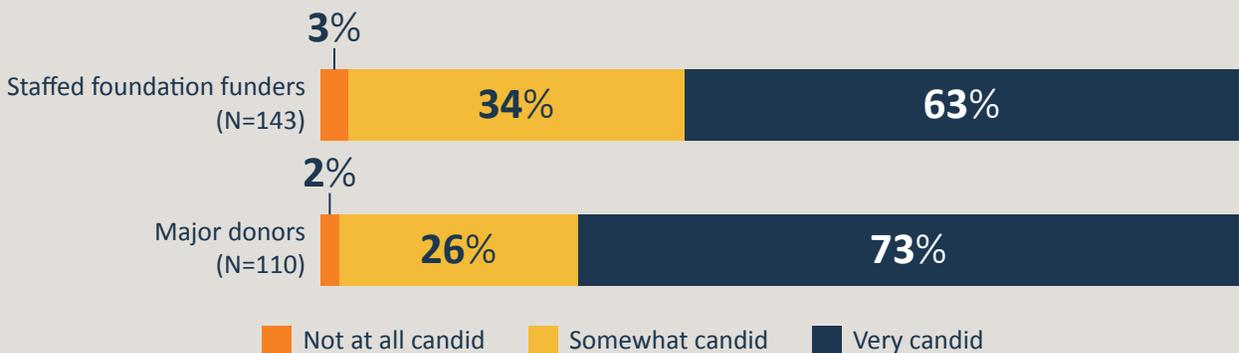
However, when it comes to increased foundation funding, not all communities benefited equally. Most nonprofit leaders whose organizations primarily serve Asian, Pacific Islander, Middle Eastern, or Native American communities report that *none* of their foundation funders provided new funding in 2020 to support these communities. (See Sidebar “Little New Foundation Support for Certain Communities.”)

Finding 2

CANDOR AND UNDERSTANDING

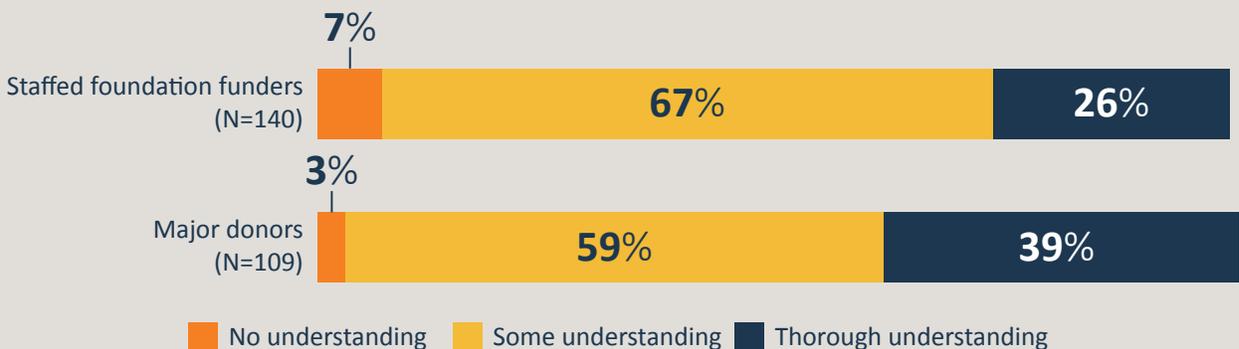
Most nonprofit leaders feel they were able to be very candid with their foundation funders and major donors about the challenges they faced in 2020 (Figure Seven). Although many believe their funders have some understanding of their needs, fewer believe their funders have a thorough understanding (Figure Eight). Furthermore, women leading nonprofits rate their foundation funders' understanding lower than men leading nonprofits (Appendix A, Figure Five).¹⁰

FIGURE SEVEN | HOW CANDID NONPROFITS COULD BE WITH FUNDERS
Percentage of respondents who feel they were able to be not at all, somewhat, or very candid with their foundation funders and major donors about challenges they faced in 2020



Percentages in this figure may not add to 100 due to rounding.

FIGURE EIGHT | FUNDER UNDERSTANDING
Percentage of respondents who say their foundation funders and major donors have no, some, or thorough understanding of what they need at this time



Percentages in this figure may not add to 100 due to rounding.



Finding 3

Many nonprofits report that their foundation funders were flexible, responsive, and communicative in 2020. However, nonprofits led by women and nonprofits serving certain communities (including Asian, Pacific Islander, Middle Eastern, and Native American communities) experienced somewhat less flexibility, responsiveness, and communication than other nonprofits.

Finding 3

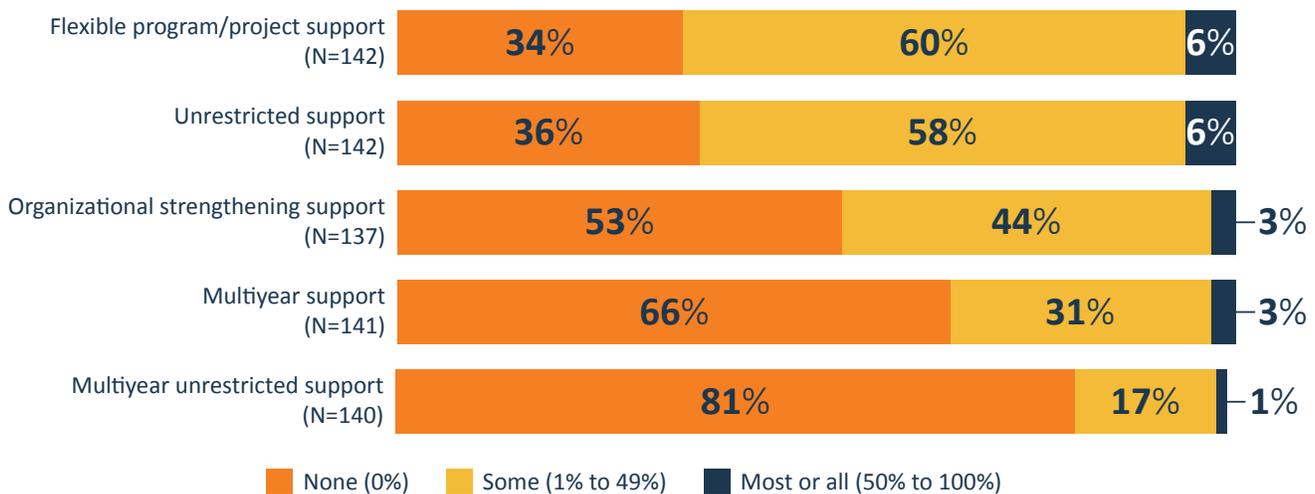
Many nonprofit leaders report receiving new flexible program/project support or unrestricted support from their foundation funders in 2020 (Figure Nine). Says one nonprofit leader:

The most helpful support from foundations was unrestricted funds that could be utilized for operational expenses. With our earned revenue being hit so hard, operations were really the area that needed funding. We have and continue to receive support for specific programming, but operations are always difficult to fund. Funder flexibility this year has been paramount.

However, leaders whose organizations primarily serve Asian communities report fewer foundations providing new unrestricted support to their organizations (Appendix A, Figure Eight).¹¹

Less than half of nonprofit leaders report receiving new organizational strengthening support from foundations (Figure Nine). But compared to white leaders, nonprofit leaders of color report that more of their foundation funders provided new grants of this type to their organizations (Appendix A, Figure Six).

FIGURE NINE | NEW GRANTS THAT FOUNDATION FUNDERS PROVIDED IN 2020
Percentage of respondents who say none, some, or most or all of their foundation funders provided new grants of various types in 2020



Percentages in this figure may not add to 100 due to rounding.

Beyond experiencing greater flexibility in new foundation grants, many nonprofit leaders report that at least some of their foundation funders took a variety of actions to be more flexible, responsive, and communicative—such as communicating about future funding, allowing the goals of existing grants to shift, and lifting up the voices of the people and communities they serve to inform public discourse (e.g., hosting webinars featuring community voices, promoting content created by communities) (Figure Ten).

As one nonprofit leader says, “It was helpful when foundations communicated regarding anticipated funds available for 2021.” Another describes how their foundation funders were flexible with grant goals, saying, “We explained the inability to meet some objectives. They understood, appreciated the candid feedback and the call, and renewed funding at 100 percent for 2021.”

Finding 3

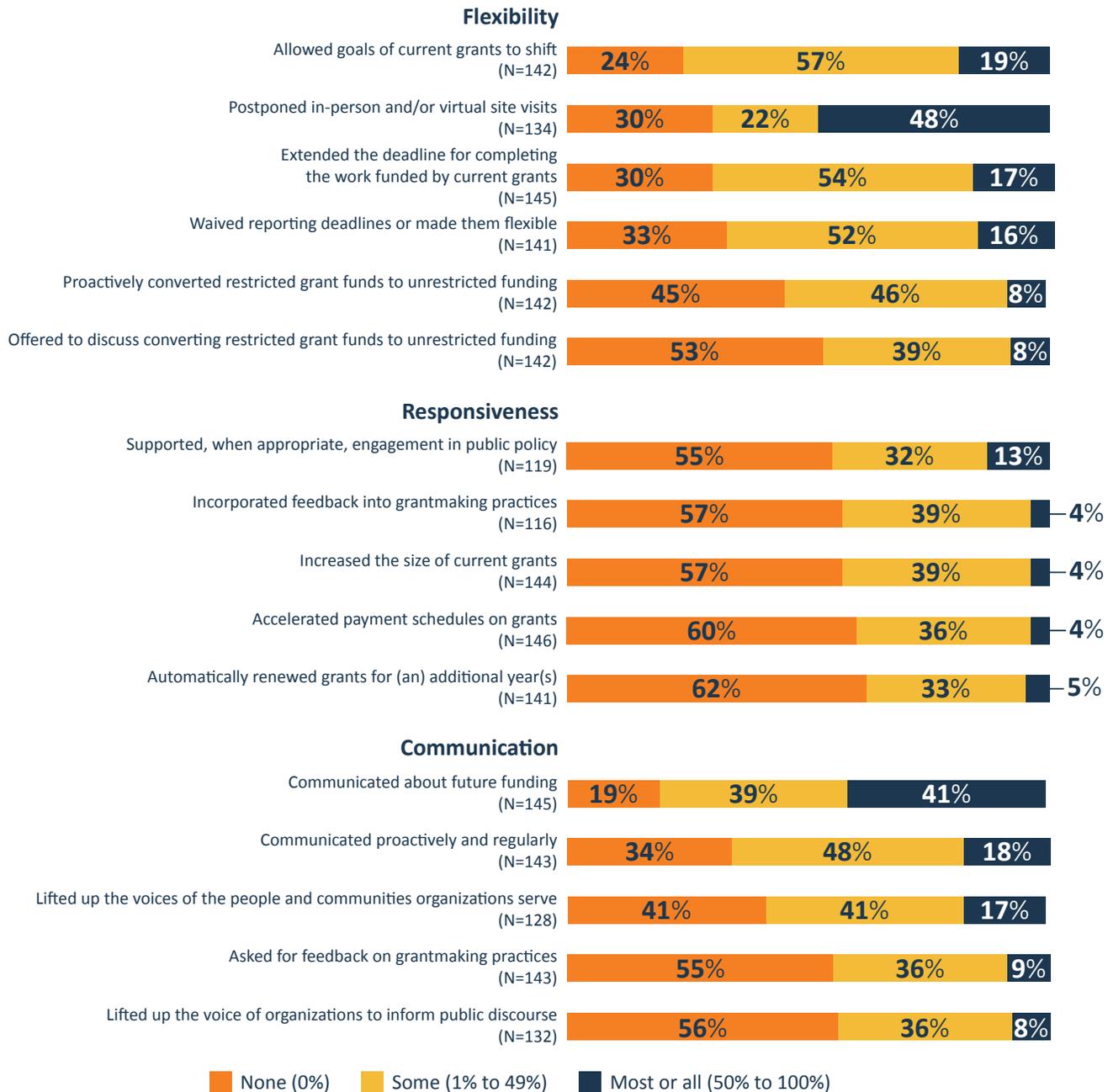
However, nonprofits led by women—the majority of organizations in our study—are less likely than those led by men to report experiencing this increased flexibility, responsiveness, and communication.¹² Women report that fewer of their organizations’ foundation funders communicated with them about future funding or allowed the goals of their existing grants to shift, for example (Appendix A, Figure Seven).

Similarly, leaders of nonprofits primarily serving Asian, Pacific Islander, Middle Eastern, or Native American communities report that fewer of their foundation funders exhibited flexibility, responsiveness, and communication in 2020. As compared to organizations that do not serve each of these four communities, these leaders say fewer foundations lifted up the voices of their organizations and the people and communities they serve to inform public discourse. And leaders of nonprofits primarily serving Middle Eastern communities report that fewer foundations communicated proactively and regularly with them (Appendix A, Figure Eight).¹³

Women and leaders of organizations primarily serving Asian or Middle Eastern communities also report that fewer foundations supported their engagement in public policy (Appendix A, Figures Seven and Eight).¹⁴

Finding 3

FIGURE TEN | ACTIONS THAT NONPROFITS SAY FOUNDATIONS TOOK IN 2020
Percentage of respondents who say none, some, or most or all of their foundation funders took various actions in 2020



Percentages in this figure may not add to 100 due to rounding.

A few nonprofit leaders say their foundation funders took actions that were harmful, primarily by stopping or reducing grant funding. One leader whose organization lost funding explains, “They discontinued our funding because of their new COVID-19 focus. It was an either/or conversation, not both/and.”

Finding 3

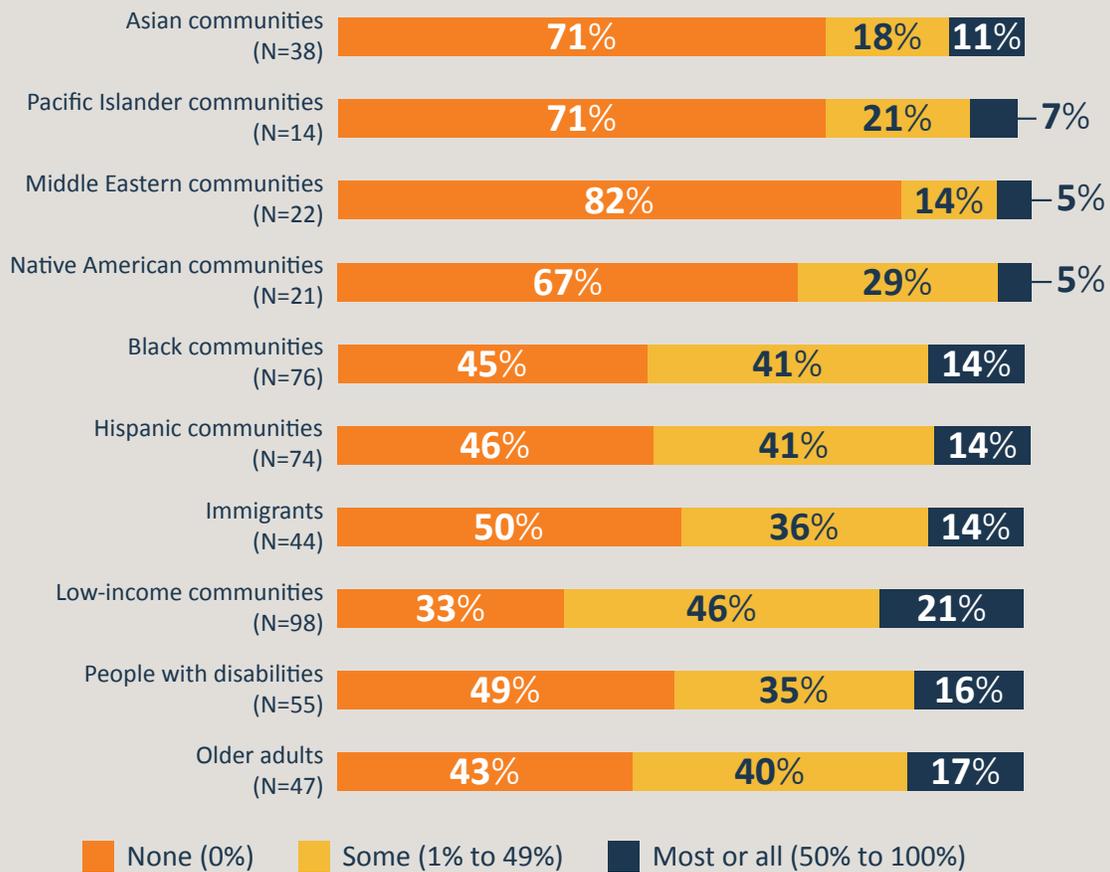
LITTLE NEW FOUNDATION SUPPORT FOR CERTAIN COMMUNITIES

Most nonprofit leaders whose organizations primarily serve Asian, Pacific Islander, Middle Eastern, or Native American communities report that no foundations provided new funding in 2020 to support these communities (Figure Eleven).

These data align with what foundation leaders themselves told us. When we surveyed foundation leaders in July and August 2020, these were the same communities that the smallest percentage of leaders said their foundations were making new efforts to support.¹⁵

FIGURE ELEVEN | NEW GRANTS RECEIVED FROM FOUNDATIONS TO SUPPORT VARIOUS COMMUNITIES IN 2020

Percentage of respondents who say none, some, or most or all of their foundation funders provided new grants to support various communities in 2020, among respondents who say their organizations primarily support each community



Percentages in this figure may not add to 100 due to rounding.

Finding 3

DIFFERENCES IN THE SURVEY DATA: PROPORTION OF NONPROFITS LED BY WOMEN AND PROPORTION SERVING PARTICULAR COMMUNITIES

The following tables show the percentage of nonprofit leaders in our data who identify as women, as well as those who say their organizations primarily serve Asian, Pacific Islander, Middle Eastern, or Native American communities—all of whom report experiencing less foundation flexibility, responsiveness, and communication in 2020.

TABLE ONE | NONPROFIT EXECUTIVE DIRECTORS' GENDER IDENTITIES*

(Number of responding nonprofit executive directors = 137)

| | PERCENTAGE OF NONPROFIT EXECUTIVE DIRECTORS (NUMBER OF NONPROFIT EXECUTIVE DIRECTORS) |
|----------------------------------|--|
| Woman (cisgender or transgender) | 68% (93) |
| Man (cisgender or transgender) | 30% (41) |
| Gender non-conforming | <1% (<5) |
| Non-binary | <1% (<5) |
| Different identity | <1% (<5) |

*Note: These response options are not mutually exclusive because respondents were asked to select all ways in which they describe themselves. Therefore, respondents could select more than one option. Because only a few respondents selected non-binary gender identities, we were unable to include them in statistical analyses.

TABLE TWO | PERCENTAGE OF NONPROFITS THAT PRIMARILY SERVE ASIAN, PACIFIC ISLANDER, MIDDLE EASTERN, OR NATIVE AMERICAN COMMUNITIES*

(Number of responding nonprofits = 156)

| | PERCENTAGE OF NONPROFITS (NUMBER OF NONPROFITS) |
|--|--|
| Asian or Asian American communities | 27% (42) |
| Native Hawaiian or Pacific Islander communities | 12% (19) |
| Middle Eastern or North African communities | 17% (26) |
| Native American, Native Alaskan, or Indigenous communities | 18% (28) |

*Note: These response options are not mutually exclusive because respondents were asked to select all communities that their organization primarily serves.

CONCLUSION

In 2020, nonprofits were hit hard by the public health and economic consequences of the COVID-19 pandemic. The needs of the communities that nonprofits serve rose sharply. At the same time, nonprofits had fewer resources to provide crucial services because of declining revenues—and safety restrictions made providing these services even more challenging.

Yet, nonprofits fared better than they had feared they would because of increased support from the government, foundations, and individual donors. Most nonprofits in this study received government funding through the Paycheck Protection Program (PPP), and many also received increased financial support from foundations and individual donors.

In addition, many nonprofits say their foundation funders provided more flexible grants, communicated about future funding, allowed the goals of existing grants to shift, and lifted up the voices of the people and communities nonprofits serve.

However, nonprofits led by women and nonprofits serving certain communities of color experienced these changes from their foundation funders to a lesser degree. The differences in the foundation support given to nonprofits serving Asian, Pacific Islander, Middle Eastern, or Native American communities occurred despite the ways in which these communities have been harmed by the COVID-19 pandemic—and, for Asian communities, the rise in racist violence and hate crimes.¹⁶ Foundations should keep these differences based upon gender and communities served in mind when considering how they make decisions about which organizations to support and in what ways.

Some nonprofit leaders we surveyed worry that the increased support they experienced from foundations and donors will decline in the near future, leaving their organizations in the lurch.¹⁷ Says one leader, “We had such a significant number of new donors in 2020, and we feel that it was due to food insecurity being highlighted in the news. We hope we will retain these new donors and that they will not become donor fatigued in 2021 and beyond.” Another says:

There is still so much uncertainty about the rest of 2021 and perhaps even into 2022. We need unrestricted funds and flexibility in the timing of their use. The challenges and expenses we anticipate now may change in a matter of weeks or months, and goals that we hope to accomplish this year may be, yet again, put on hold for safety purposes. Or, if things change for the better, some timelines may be able to be moved up.

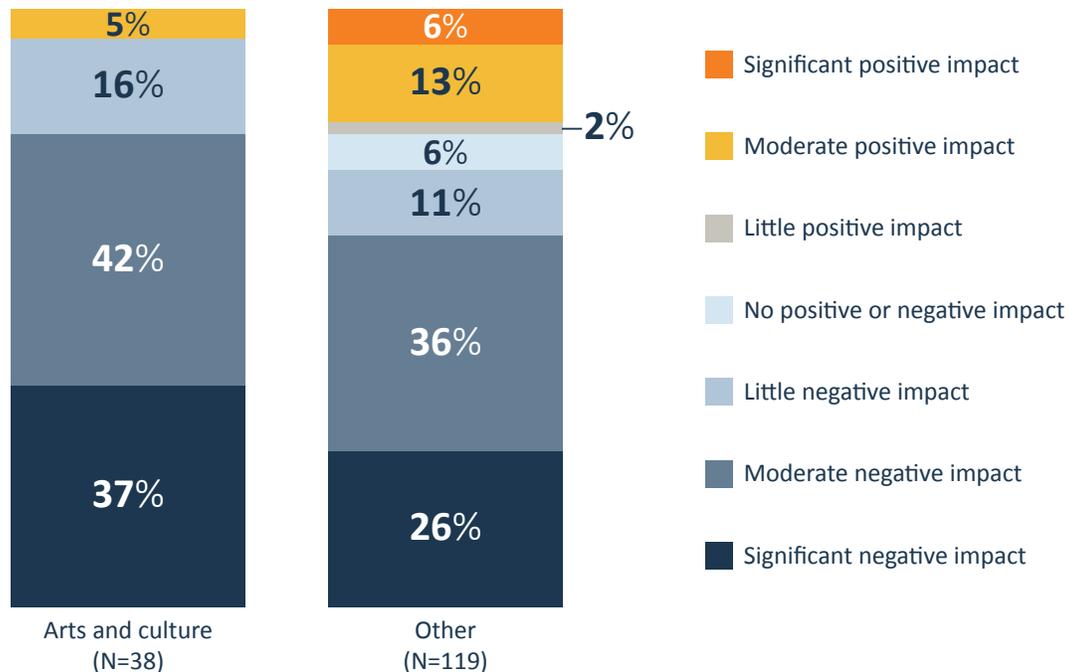
Government support through the PPP played a big role in buoying the budgets of many nonprofits last year, and although there was a second round of the program, the federal government’s emergency stimulus funding will soon dissipate.

While uncertainty about the future remains, foundations and individual donors will play an important role in supporting nonprofits as they continue to face major challenges. Tonya Allen of the McKnight Foundation, Kathleen Enright of the Council on Foundations, and Hilary Pennington of the Ford Foundation have argued that foundations should build on and sustain the changes they made in 2020, saying, “Now is not the time for us to go backward. Let’s use this moment of converging crises to impose excellence upon ourselves for the long-term benefit of philanthropy, our own institutions, nonprofits, and the communities that need us more than ever.”¹⁸

APPENDIX A: ADDITIONAL FIGURES

FIGURE ONE | NEGATIVE IMPACT OF COVID-19 ON NONPROFITS BY PROGRAM AREA—ARTS AND CULTURE

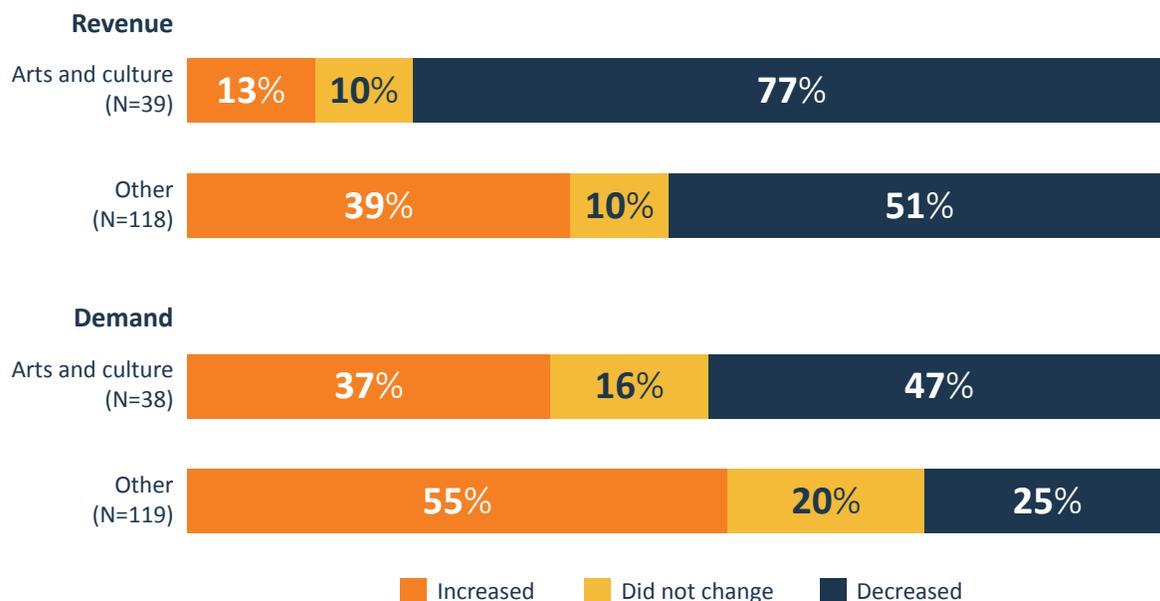
Percentage of respondents from arts and culture organizations and all other organizations who report that the COVID-19 pandemic has had various degrees of impact on their organizations



Percentages in this figure may not add to 100 due to rounding.

FIGURE TWO | CHANGES IN REVENUE AND DEMAND BY PROGRAM AREA—ARTS AND CULTURE

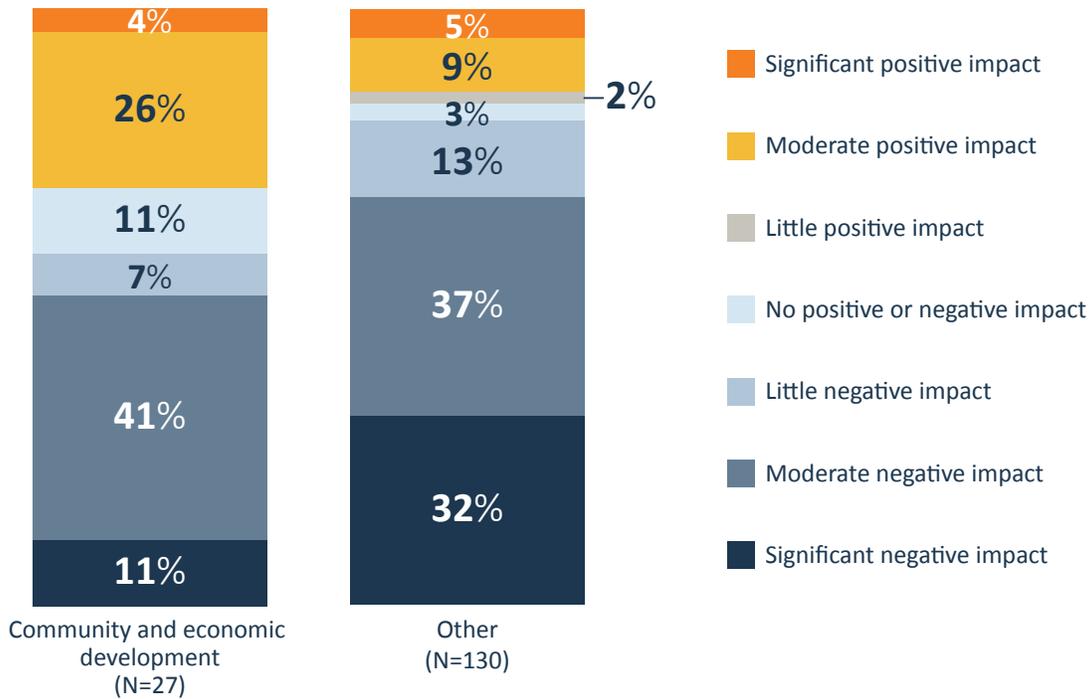
Percentage of respondents from arts and culture organizations and all other organizations who say their organizations' revenue and demand decreased, did not change, or increased in 2020 as compared to 2019



Percentages in this figure may not add to 100 due to rounding.

FIGURE THREE | NEGATIVE IMPACT OF COVID-19 ON NONPROFITS BY PROGRAM AREA—COMMUNITY AND ECONOMIC DEVELOPMENT

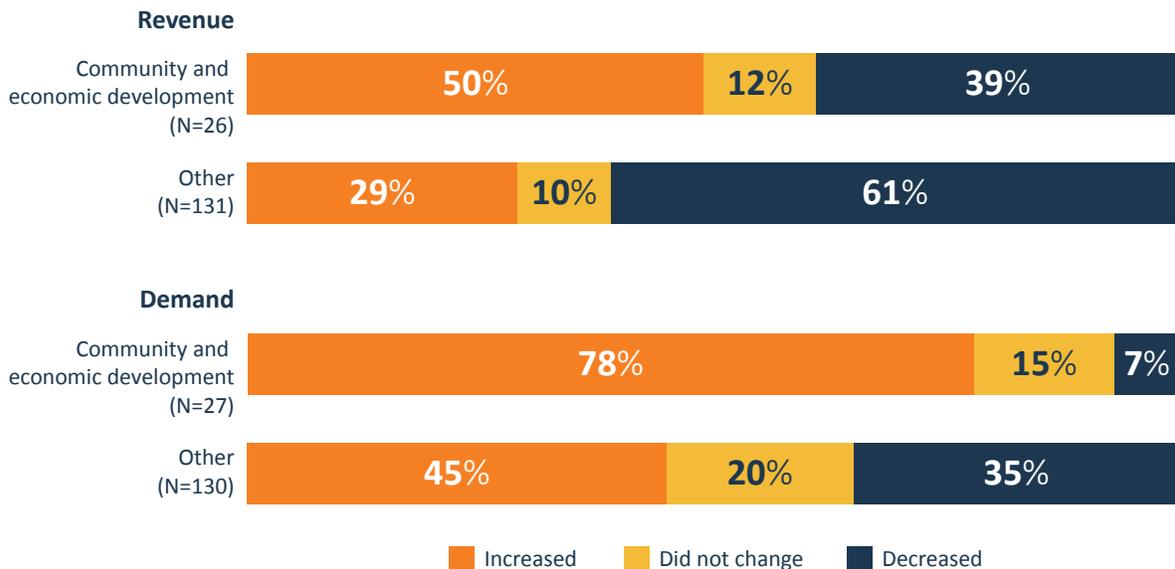
Percentage of respondents from community and economic development organizations and all other organizations who report that the COVID-19 pandemic has had various degrees of impact on their organizations



Percentages in this figure may not add to 100 due to rounding.

FIGURE FOUR | CHANGES IN REVENUE AND DEMAND BY PROGRAM AREA—COMMUNITY AND ECONOMIC DEVELOPMENT

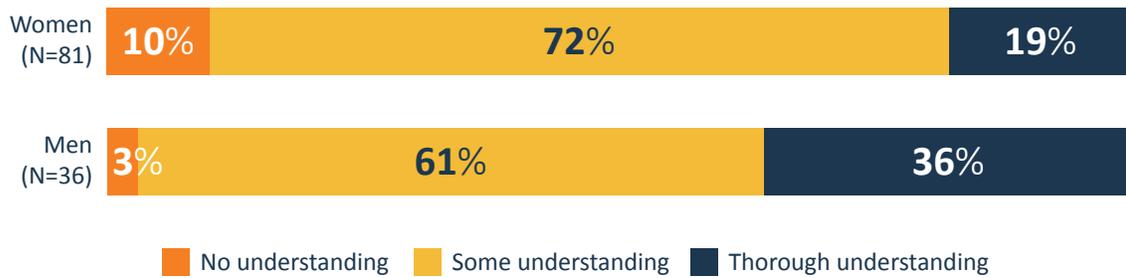
Percentage of respondents from community and economic development organizations and all other organizations who say their organizations' revenue and demand decreased, did not change, or increased in 2020 as compared to 2019



Percentages in this figure may not add to 100 due to rounding.

FIGURE FIVE | FUNDER UNDERSTANDING BY GENDER

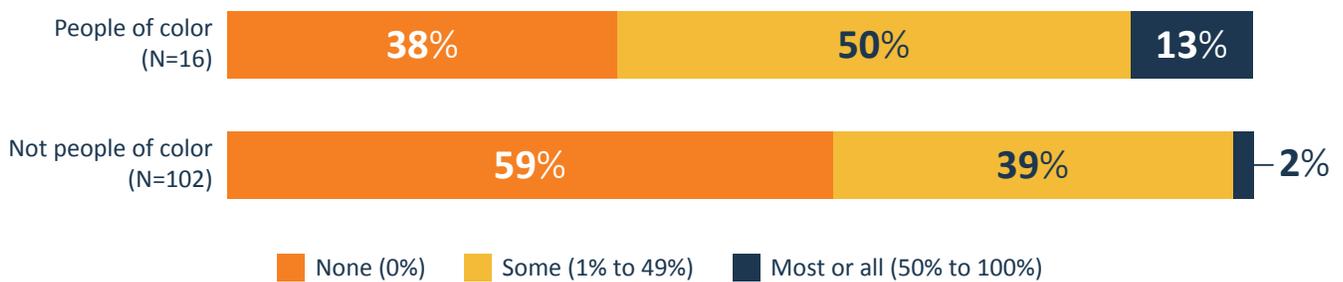
Percentage of women and men leading nonprofits who say their foundation funders have no, some, or thorough understanding of what they need at this time



Percentages in this figure may not add to 100 due to rounding.

FIGURE SIX | NEW ORGANIZATIONAL STRENGTHENING GRANTS BY WHETHER NONPROFIT LEADERS IDENTIFY AS PEOPLE OF COLOR

Percentage of respondents who identify as people of color and respondents who do not identify as people of color who say none, some, or most or all of their foundation funders provided new organizational strengthening grants in 2020

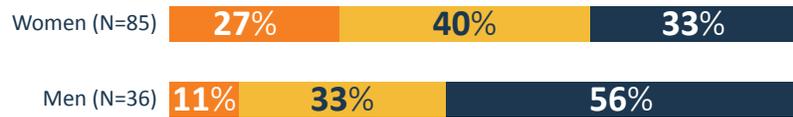


Percentages in this figure may not add to 100 due to rounding.

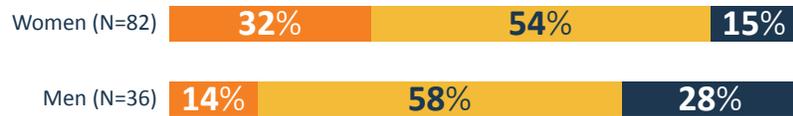
FIGURE SEVEN | FOUNDATION SUPPORT BY GENDER

Percentage of women and men leading nonprofits who say none, some, or most or all of their foundation funders took various actions in 2020

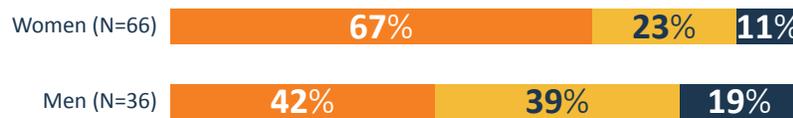
Communicated about future funding



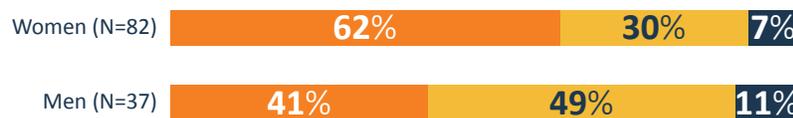
Allowed goals of current grants to shift



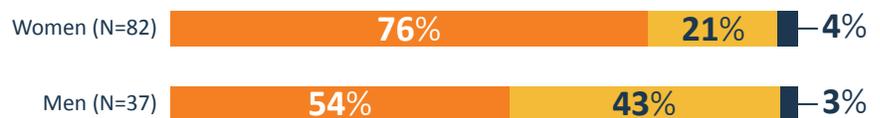
Supported engagement in public policy



Asked for feedback on grantmaking practices



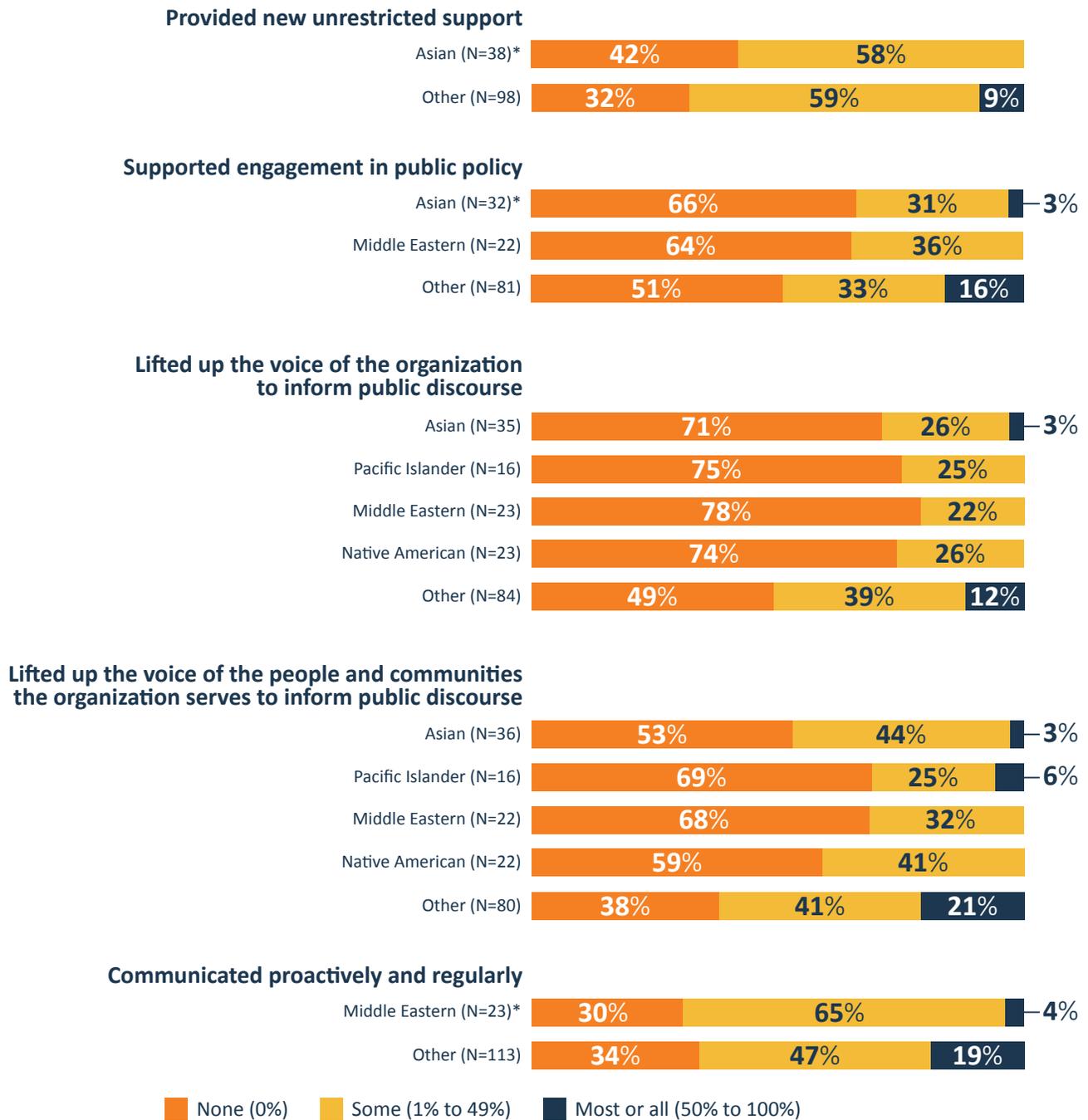
Provided new multiyear grants



■ None (0%)
 ■ Some (1% to 49%)
 ■ Most or all (50% to 100%)

Percentages in this figure may not add to 100 due to rounding.

FIGURE EIGHT | FOUNDATION SUPPORT BY PRIMARY COMMUNITY SERVED
Percentage of respondents from organizations that primarily serve various communities who say none, some, or most or all of their foundation funders took certain actions in 2020



*These differences are of a small effect size.
 Percentages in this figure may not add to 100 due to rounding.

APPENDIX B: METHODOLOGY

STUDY POPULATION

The *Grantee Voice* panel is a national group of nonprofits that CEP refreshes every two-three years to gather the perspectives of nonprofit leaders. Nonprofit leaders who opted into CEP's *Grantee Voice* panel in 2019 were included in this study. This panel was established in several steps. First, to create a list of nonprofits to invite, a dataset of almost 430,000 registered 501(c)(3) organizations that filed a Form 990 between 2013 and 2016 was obtained from the National Center for Charitable Statistics (NCCS). CEP kept nonprofits in the dataset only when they met all the following criteria:

- The organization filed a Form 990 between 2015 and 2016;
- The organization is located in the United States;
- The organization records annual expenses between \$100,000 and \$100 million;
- The organization has a positive contributed revenue;
- The organization has an identified area of work (based on NTEECC coding);
- The organization is not a mutual/membership benefit organization (based on NTEECC coding);
- The organization is not a religious-based organization (based on NTEECC coding);
- The organization is not a hospital or university (based on NTEECC coding);
- The organization is not a foundation (based on NTEECC coding);
- The organization is not a fundraising entity working specifically across issue area groups (based on NTEECC coding);
- The organization is not a supporting organization (based on NTEECC coding); and
- The organization is not flagged by NCCS as “out of scope” (i.e., the organization must be a 501(c)(3), non-foreign entity, or government entity).

After filtering for nonprofits that met the criteria described above, 142,582 nonprofits remained in the dataset. CEP then took the filtered dataset and randomly selected 14,000 nonprofits, ensuring that this selected sample contained representation across the full range of expenses mentioned above.

CEP worked with Candid to determine whether each nonprofit in this random sample had received any funding between 2015 and 2017 from foundations giving at least \$5 million annually in grants. Only nonprofits that had received such funding remained eligible for an invitation to join the panel. In total, 7,987 nonprofits met this criterion.

Only individuals leading eligible nonprofits were considered for inclusion. These individuals typically had titles such as executive director, president, or CEO. Ultimately, 4,643 nonprofit leaders were invited to join the *Grantee Voice* panel. While the invitation was open, over 200 more nonprofits were removed because of additional information that was received showing they were ineligible for our sample. In total, of 4,431 eligible nonprofit leaders, 629 accepted the invitation, resulting in an acceptance rate of 14.2 percent. We statistically tested for and saw slight differences in the annual expenses of the organizations that did and did not accept the invitation to join the panel.¹⁹ Between the creation of the panel and the start of this research project in May 2020, 34 nonprofit CEOs were removed because they or their organizations became ineligible.

SAMPLE

In May 2020, we fielded our first survey for this project. The May 2020 survey was sent to 595 nonprofit CEOs who comprise the 2019 *Grantee Voice* panel. We received responses from 172 nonprofit leaders for a response rate of 29 percent. The results from this first survey can be found in our report, *Funder Support during the COVID-19 Pandemic*.²⁰

Between the end of the first survey period and the beginning of the second survey period, 18 nonprofit leaders were removed from the sample because they or their organizations became ineligible.

In February 2021, 577 nonprofit leaders who comprise the 2019 *Grantee Voice* panel were sent an invitation to complete the second survey. While the survey was fielded, 21 nonprofit leaders were removed from the sample because of additional information that was received showing they were ineligible for our sample. Completed surveys were received from 158 leaders. Partially completed surveys, defined as being at least 50 percent complete, were received from five leaders. Thus, our final survey sample included 163 of 556 potential respondents, for a response rate of 29 percent.

TABLE ONE | SAMPLE RESPONSE RATES

| SURVEY PERIOD | NUMBER OF LEADERS SURVEYED | NUMBER OF RESPONSES | SURVEY RESPONSE RATE |
|---------------|----------------------------|---------------------|----------------------|
| May 2020 | 595 | 172 | 29% |
| February 2021 | 556 | 163 | 29% |

SURVEY ADMINISTRATION

The first survey was fielded online for a two-week period in May 2020. The second survey was fielded online for a four-week period in February 2021. Leaders were sent a brief email including a description of the purpose of the survey, a statement of confidentiality, and a link to the survey. Leaders were sent up to three reminder emails for the May 2020 survey and up to seven reminder emails for the February 2021 survey.

SURVEY RESPONDENT DEMOGRAPHICS

Nonprofit leaders from both surveys represented organizations that varied in expenses and staff size.

TABLE TWO | SURVEY RESPONDENT SAMPLES—NONPROFIT CHARACTERISTICS

| NONPROFIT CHARACTERISTICS | RANGE | MEDIAN VALUE |
|---------------------------|-------------------|--------------|
| <i>Expenses</i> | | |
| May 2020 | ~\$100K to ~\$88M | ~\$1.6M |
| February 2021 | ~\$100K to ~\$77M | ~\$1.5M |
| <i>Staff</i> | | |
| May 2020 | 1 FTE to ~500 FTE | 14 FTE |
| February 2021 | 1 FTE to ~500 FTE | 12 FTE |

SURVEY INSTRUMENT

The February 2021 survey consisted of 71 open- and close-ended items and included questions about how nonprofits and the people and communities they serve have been affected by the COVID-19 pandemic, how foundation funders and major donors have responded in support of nonprofits during the COVID-19 pandemic, and what nonprofits most need from funders going forward. The May 2020 survey consisted of 39 open- and close-ended items covering the same topics.

RESPONSE BIAS

Nonprofits represented by leaders who responded to the May 2020 and February 2021 surveys did not differ significantly from nonrespondent organizations by annual expenses, staff size, or geographic region of the United States in which the nonprofit is located.

QUANTITATIVE ANALYSIS

To analyze the quantitative survey data from nonprofit leaders, descriptive statistics were examined and a combination of independent samples t-tests, paired samples t-tests, ANOVA tests, chi-square analyses, and regressions were conducted. An alpha level of 0.05 was used to determine statistical significance for all testing conducted for this research. Effect sizes were examined for all analyses. Unless otherwise noted, only statistically significant findings of a medium or large effect size are presented in this report.

QUALITATIVE ANALYSIS

Thematic and content analyses were conducted on the responses to the open-ended survey items.

A coding scheme was developed for these open-ended items by reading through all responses to recognize recurring ideas, creating categories, and then coding each respondent's ideas according to the categories. Codebooks were created to ensure that different coders would be coding for the same concepts rather than their individual interpretations of the concepts. One coder coded all responses to the questions, and a second coder coded 15 percent of those responses. For each question, at least an 80 percent level of interrater agreement was achieved for each code. Selected quotations from the open-ended survey responses were included in this report. These quotations were selected to be representative of the themes seen in the data.

ENDNOTES

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²Jacob Harold, “How Many Nonprofits Will Shut Their Doors?,” *Candid Blog* (blog), July 15, 2020, <https://blog.candid.org/post/how-many-nonprofits-will-shut-their-doors/>; “Health of the U.S. Nonprofit Sector” (Washington, DC: Independent Sector, October 2020), <https://independentsector.org/nonprofithealth/>; Steve Dubb, “Nonprofits Have Laid Off 1.6M since March, Finds Center for Civil Society,” *Nonprofit Quarterly*, June 24, 2020, <https://nonprofitquarterly.org/nonprofits-have-laid-off-1-6m-since-march-finds-center-for-civil-society/>.

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⁵“A Call to Action: Philanthropy’s Commitment During COVID-19,” Council on Foundations, March 19, 2020, <https://www.cof.org/news/call-action-philanthropys-commitment-during-covid-19>

⁶Hannah Martin, Ellie Buteau, and Kate Gehling, “Funder Support during the COVID-19 Pandemic” (Cambridge, MA: Center for Effective Philanthropy, 2020), <https://cep.org/portfolio/funder-support-during-the-covid-19-pandemic/>.

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⁸The program areas included in our data are based upon the classifications used in Foundation Directory Online to describe grantmakers' or nonprofits' areas of focus or work: https://fconline.foundationcenter.org/helpdocs/subject_terms.pdf.

⁹In our January 2021 survey, we added response options of “little positive impact,” “moderate positive impact,” and “significant positive impact.” Because our May 2020 survey did not include these response options, for the purpose of this analysis, we combined the response options of “no positive or negative impact” and the three new response options into “no negative impact.”

¹⁰We tested for differences based on the interaction of the respondents' gender and whether they identify as a person of color, and we did not find any statistically significant differences.

¹¹This difference is of a small effect size.

¹²We tested for differences based on the interaction of the respondents' gender and whether they identify as a person of color, and we did not find any statistically significant differences.

¹³This difference is of a small effect size.

¹⁴The difference for organizations that primarily serve Asian communities is of a small effect size.

¹⁵Ellie Buteau and Naomi Orensten, “Foundations Respond to Crisis: Toward Equity?” (Cambridge, MA: Center for Effective Philanthropy, 2020), <https://cep.org/portfolio/foundations-respond-to-crisis2/>

¹⁶Jessica Guynn and Aleszu Bajak, “Asian Americans Report Biggest Increase in Serious Incidents of Online Hate and Harassment During COVID-19 Pandemic,” *USA Today*, March 25, 2021, <https://www.usatoday.com/story/tech/2021/03/24/asian-american-hate-crimes-covid-harassment-atlanta-google-facebook-youtube/6973659002/>; Marco della Cava, “Asian Americans in San Francisco Are Dying at Alarming Rates from COVID-19: Racism Is to Blame,” *USA Today*, October 21, 2020, <https://www.usatoday.com/in-depth/news/nation/2020/10/18/coronavirus-asian-americans-racism-death-rates-san-francisco/5799617002/>; Marc Ramirez, “Arab Americans, Deemed ‘White’ in Government Records, Suffer an Unseen COVID-19 Crisis,” *USA Today*, February 28, 2021, <https://www.usatoday.com/story/news/nation/2021/02/28/covid-19-cases-arab-americans-hit-hard-but-not-counted-data/4498387001/>; Nina Lakhani, “Exclusive: Indigenous Americans Dying from Covid at Twice the Rate of White Americans,” *The Guardian*, February 4, 2021, <https://amp.theguardian.com/us-news/2021/feb/04/native-americans-coronavirus-covid-death-rate>; Rachel Ramirez, “How Pacific Islanders Have Been Left to Fend for Themselves in the Pandemic,” *Vox*, December 14, 2020, <https://www.vox.com/2020/12/14/22168249/pacific-islanders-native-hawaiians-covid-19-pandemic>.

¹⁷GivingTuesday Data Commons predicts that “charitable giving patterns will return to pre-2020 trends.” Andrew Koo and Dr. Ben Cipollini, “Giving in Unprecedented Times: A Lookback at 2020 U.S. Giving Data & Trends” (GivingTuesday Data Commons, 2021), https://www.givingtuesday.org/wp-content/uploads/2021/05/GT_2020LookBack_Report-FINAL.pdf.

¹⁸Tonya Allen, Kathleen Enright, and Hilary Pennington, “Sharing Power and Curbing Racial Inequities: How Grant Makers Can Commit to Real Change a Year After Covid,” *The Chronicle of Philanthropy*, March 30, 2021, <https://www.philanthropy.com/article/sharing-power-and-curbing-racial-inequities-how-grant-makers-can-commit-to-real-change-a-year-after-covid>

¹⁹A chi-square analysis of expense quartiles was conducted, finding a statistically significant difference of a small effect size. Nonprofits with annual expenses between \$1.7 and \$6.0 million were slightly more likely to accept the invitation to join the panel than nonprofits of other expense sizes, and nonprofits with annual expenses of \$6.0 million or more were slightly less likely than others to accept the invitation to join the panel.

²⁰Hannah Martin, Ellie Buteau, and Kate Gehling, “Funder Support during the COVID-19 Pandemic” (Cambridge, MA: Center for Effective Philanthropy, 2020), <https://cep.org/portfolio/funder-support-during-the-covid-19-pandemic/>.



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